Warmal Wil Heavy Duty Pumps Sdn Bhd v Pump Matrix Engineering Sdn Bhd

HIGH COURT (KUALA LUMPUR) — CIVIL SUIT NO WA-221P-24–05 OF 2016
WONG KIAN KHEONG JC
25 JANUARY 2018

Tort — Passing off — Unlawful interference with another's business — Whether party who committed torts of passing off and unlawful interference with another's business could, in defence, rely upon any trade disclaimer including fact it was merely selling products of original equipment manufacturers ('OEMs') — Whether facts showed defendant deliberately coined brand name for its goods similar to brand used by plaintiff to 'appropriate' plaintiff's goodwill in its business — Whether plaintiff proven its case against defendant and shown probability/likelihood of damage to goodwill attached to its business by defendant's actions and misrepresentations — Whether facts warranted granting of perpetual prohibitory and mandatory injunctions against defendant under ss 51(2), 52(1) and 53 of the Specific Relief Act 1950

This case was called upon to decide, probably for the first time, whether a manufacturer, distributor, retailer or provider of goods/services who committed a tort of passing off and/or a tort of unlawful interference with another's business, could, in defence to those torts, rely upon either any disclaimer it had made or the fact that it was merely selling the products of original equipment manufacturers ('OEMs'). In the instant case, the defendant disclaimed in its website that it was in any way associated or affiliated with any listed brand or companies; that the 'slurry pumps' it sold under the name 'WALMAR' were not linked to 'WARMAN' or 'WEIR' pumps but were non-genuine products sourced directly from OEMs all over the world. The defendant's deliberate use of the name 'WALMAR' for the pumps it sold since its incorporation in 2013, brought it into conflict with the business of the plaintiff, which, since its inception in 1987, had been selling similar pumps in Malaysia, Singapore and Brunei using the 'WARMAL' mark. When the Registrar of Trade Marks objected to the plaintiff's application to register the 'WARMAL' mark because of a similar application by the defendant to register its 'WALMAR' mark, and that there was therefore a likelihood of the public being confused/deceived between the two marks, the plaintiff filed the instant action accusing the defendant of committing the torts of passing off and of unlawful interference in its business. The plaintiff sought injunctive relief against the defendant under s 70B(1) of the Trade Marks Act 1976 ('the TMA') on the ground the WARMAL mark was a well-known trademark. The defendant, inter alia, challenged the plaintiff's locus standi to maintain the

passing off claim contending that the plaintiff was only an exclusive manufacturing licensee and sole agent for 'WARMAN' (or 'WEIR') pumps in Malaysia, Singapore, Brunei and that the plaintiff had not obtained the consent of the owners of WARMAN or WEIR to make its claim. The defendant submitted that adverse inference should be invoked against the plaintiff under s 114(g) of the Evidence Act 1950 for failing to produce at trial a copy of the plaintiff's distributorship agreement with WARMAN/WEIR.

Held, allowing the plaintiff's claim, granting the plaintiff a perpetual prohibitory injunction to restrain the defendant from using the WALMAR mark and a perpetual mandatory injunction to compel the defendant to withdraw its application for registration of the WALMAR mark pending before the Registrar of Trade Marks and to deliver up and surrender to the plaintiff all goods and materials which infringed the perpetual prohibitory injunction:

(1) The plaintiff had proven on balance of probabilities that the defendant had committed two counts of the tort of passing off, ie, passing off WALMAR pumps as WARMAL pumps and passing off the defendant's business as that of the plaintiff's or as affiliated, associated or related to the plaintiff's business (see para 25).

(2) The plaintiff had also successfully proven that the defendant had unlawfully interfered with its business. The defendant had intended to, and did, injure the plaintiff by using the WALMAR mark to cause a likelihood of deception/confusion with the plaintiff's WARMAL mark. That likelihood caused the Registrar of Trade Marks to refuse the plaintiff's application to register its WARMAL mark. The defendant had also misrepresented on its website that the WALMAR mark was a registered trademark when it was not (see para 29).

(3) As the plaintiff had proven that it had goodwill in the business in respect of the WARMAL mark and name, it had the right to sue the defendant for passing off in respect of that mark and name. The court was satisfied that the WARMAL mark and name was distinctive of WARMAL pumps and the plaintiff's business. The plaintiff's passing off action was not based on the WARMAN mark; hence there was no requirement for the plaintiff to obtain the consent of WARMAN or WEIR to the suit or to adduce evidence of its distributorship agreement with WARMAN/WEIR. The non-production of the plaintiff's distributorship agreement with those parties could not therefore attract any adverse inference under s 114(g) of the Evidence Act (see paras 17–19).

(4) The plaintiff had been using the WARMAL mark and name since its incorporation in 1987. The defendant was only incorporated 25 years later and therefore had the onus to ensure its mark did not cause a

likelihood of deception/confusion with the plaintiff's mark. Both parties were competitors in the sale of the pumps and the defendant could not claim ignorance of the plaintiff's WARMAL mark and name. The defendant deliberately chose the WALMAR mark. There was no reason why the defendant could not have used its own name or any mark other than WALMAR. The only inference the court could make was that the defendant intentionally used the WALMAR mark so as to 'appropriate' the plaintiff's goodwill. The (slight visual) differences between the two marks did not disabuse a reasonable customer of WARMAL pumps from the likelihood of being confused and/or deceived by the WALMAR pumps. In fact, the differences seemed to have been contrived by the defendant to disguise its commission of the tort of passing off in this case (see para 22).

(5) A person who had committed a tort of passing off and/or the tort of unlawful interference with another's business could not rely on an OEM defence because otherwise there would be no protection and enforcement of a plaintiff's legitimate interest in its business and the goodwill attached to such a business with respect to the plaintiff's mark and name. In such an event, local entrepreneurship would be discouraged as there would be no incentive to develop a new business and to create goodwill in a business regarding a particular mark, name or get-up. Also, foreign entities would be deterred from exporting to Malaysia or from manufacturing, distributing or providing their goods/services in this country. The defendant's disclaimer clearly stated that its OEM pumps were non-genuine/not original. There was no evidence to show which company manufactured the WALMAR pumps or how the WALMAR pumps were obtained for re-sale in Malaysia or whether WALMAR pumps conformed to any quality control standard (see paras 31–32).

(6) The defendant could not rely on the disclaimers in its website to avoid liability because: (a) they did not concern WARMAL pumps or disabuse a reasonable customer of WARMAL pumps from the likelihood of being confused/deceived with respect to WALMAR pump; (b) a tortfeasor was, in any event, liable for 'innocent' passing off; and (c) it was not just or desirable for a tortfeasor to rely on a disclaimer as a defence to the torts of passing off or unlawful interference in another's business (see para 34).

(7) The plaintiff had proven the probability/likelihood that the goodwill attached to its business would be damaged by the defendant's misrepresentation through, inter alia, loss of sales of WARMAL pumps and loss of the plaintiff's exclusive use of the WARMAL mark and name. The plaintiff, however, failed to prove that the WARMAL mark was a well-known trademark within the meaning of s 70B(1) of the TMA to entitle it to seek injunctive reliefs against the defendant under that section (see paras 24, 35 & 39).

(8) In the circumstances of the case, the court exercised its discretion under ss 51(2) and 52(1) of the Specific Relief Act 1950 ('the SRA') to grant a perpetual prohibitory injunction restraining the defendant from, inter alia, using the WALMAR mark. The court also exercised its discretion under s 53 of the SRA to grant a perpetual mandatory injunction to compel the defendant to: (a) withdraw its application for registration of the WARMAL mark before the Registrar of Trade Marks; and (b) deliver up and surrender to the plaintiff all goods and materials which infringed the said perpetual prohibitory injunction (see para 41).

[Bahasa Malaysia summary

Kes ini dimasukkan untuk memutuskan, kemungkinan untuk buat pertama kalinya, sama ada pengeluar, pengedar, peruncit atau pemberi barangan/perkhidmatan yang melakukan tort kelirupaan dan/atau tort campur tangan yang menyalahi undang-undang dengan perniagaan lain, boleh, dalam pembelaan kepada tort tersebut, bergantung atas sama ada apa-apa penafian yang dibuatnya atau fakta bahawa ia hanya menjual barangan pengeluar barangan asal ('OEM'). Dalam kes ini, defendan menafikan dalam laman webnya bahawa ia boleh dikaitkan dengan apa-apa jenama atau syarikat yang disenaraikan; bahawa 'slurry pumps' yang dijual di bawah nama 'WALMAR' tidak berkait kepada pam 'WARMAN' atau 'WEIR' tetapi adalah barangan tidak tulen yang didapati secara langsung daripada OEM seluruh dunia. Penggunaan sengaja nama 'WALMAR' oleh defendan untuk pam yang dijualnya semenjak penubuhannya pada tahun 2013, membawa kepada konflik dengan perniagaan plaintif, yang mana, semenjak permulaan lagi pada tahun 1987, telah menjual pam yang sama di Malaysia, Singapura dan Brunei menguna pakai tanda 'WARMAL'. Apabila Pendaftar Cap Dagangan membantah permohonan plaintif untuk mendaftar tanda 'WARMAL' kerana permohonan yang sama oleh defendan untuk mendaftar tanda 'WALMAR' nya, dan bahawa terdapat kemungkinan orang awam akan keliru/ditipu dengan kedua-dua tanda tersebut, plaintif memfailkan tindakan ini dengan mendakwa defendan melakukan tort kelirupaan dan campur tangan yang menyalahi undang-undang dalam perniagaannya. Plaintif memohon relif injunktif terhadap defendan di bawah s 70B(1) Akta Cap Dagangan 1976 ('ACD') atas alasan yang tanda WARMAL adalah cap dagangan yang sangat terkenal. Defendan, antara lain, mencabar locus standi plaintif untuk mengekalkan tuntutan kelirupaan dengan berhujah bahawa plaintif hanyalah pemegang lesen pengeluar eksklusif dan ejen tunggal untuk pam 'WARMAN' (atau 'WEIR') di Malaysia, Singapura, Brunei dan bahawa plaintif tidak memperolehi izin daripada pemilik-pemilik WARMAN atau WEIR untuk membuat tuntutannya. Defendan berhujah bahawa inferens bertentangan patut dibangkitkan terhadap plaintif di bawah s 114(g) Akta Keterangan 1950 kerana gagal untuk mengemukakan semasa perbicaraan salinan perjanjian pengedaran plaintif WARMAN/WEIR.

Diputuskan, membenarkan tuntutan plaintif, membenarkan plaintif dengan injunksi larangan berterusan untuk menghalang defendan daripada menggunakan tanda WALMAR dan injunksi mandatori berterusan untuk memaksa defendan menarik balik permohonannya untuk pendaftaran tanda WALMAR di hadapan Pendaftar Cap Dagangan dan untuk memberikan dan menyerahkan kepada plaintif kesemua barangan dan material yang melanggar injunksi larangan berterusan:

(1) Plaintif telah membuktikan atas imbangan kebarangkalian bahawa defendan telah melakukan dua tort kelirupaan, iaitu, kelirupaan pam WALMAR sebagai pam WARMAL dan kelirupaan perniagaan defendan sebagai perniagaan plaintif atau bergabung, dikaitkan atau berkaitan kepada perniagaan plaintif (lihat perenggan 25).

(2) Plaintif juga membuktikan dengan berjaya bahawa defendan telah secara salah campur tangan dengan perniagaannya. Defendan telah berniat, dan telah merosakkan plaintif dengan menggunakan tanda WALMAR untuk menyebabkan kemungkinan penipuan/kekeliruan dengan tanda WARMAL plaintif. Kemungkinan tersebut menyebabkan Pendaftar Cap Dagangan untuk menolak permohonan plaintif untuk mendaftar tanda WARMALnya. Defendan juga telah misrepresentasi di laman webnya bahawa tanda WALMAR adalah cap dagangan yang berdaftar apabila ia tidak (lihat perenggan 29).

(3) Memandangkan plaintif telah membuktikan bahawa ia mempunyai nama baik di dalam perniagaan berkaitan tanda dan nama WARMAL, ia mempunyai hak untuk menyaman defendan untuk kelirupaan berkaitan tanda dan nama tersebut. Mahkamah berpuashati bahawa tanda dan nama WARMAL tersebut adalah berbeza daripada pam WARMAL dan perniagaan plaintif. Tindakan kelirupaan plaintif bukan berdasarkan ke atas tanda WARMAN; maka tidak terdapat kehendak untuk plaintif mendapatkan izin WARMAN atau WEIR untuk menyaman atau mengemukakan keterangan terhadap perjanjian pengedarannya dengan WARMAN/WEIR. Perjanjian pengedaran plaintif dengan pihak-pihak tersebut yang tidak dikemukakan oleh itu tidak dapat membangkitkan apa-apa inferens bertentangan di bawah s 114(g) Akta Keterangan (lihat perenggan 17–19).

(4) Plaintif telah menggunakan tanda dan nama WARMAL semenjak penubuhannya pada tahun 1987. Defendan hanya ditubuhkan 25 tahun kemudiannya dan oleh itu mempunyai beban untuk memastikan yang tandanya tidak menyebabkan kemungkinan penipuan/kekeliruan dengan tanda plaintif. Kedua-dua pihak adalah pesaing di dalam jualan pam dan defendan tidak dapat mendakwa tak tahu tentang tanda dan nama WARMAL plaintif. Defendan dengan sengaja memilih tanda WALMAR. Tidak ada sebab mengapa defendan tidak dapat menggunakan namanya sendiri atau apa-apa tanda selain daripada

WALMAR. Satu-satunya inferens yang mahkamah dapat buat adalah bahawa defendan dengan sengaja menggunakan tanda WALMAR untuk 'appropriate' nama baik plaintif. Perbezaan (perbezaan sedikit) di antara kedua-dua tanda tidak menyedarkan pelanggan yang munasabah terhadap pam WARMAL daripada berkemungkinan keliru dan/atau ditipu oleh pam WALMAR. Sebenarnya, perbezaan-perbezaan nampaknya telah dibuat oleh defendan untuk menyembunyikan pelakuan tort kelirupaannya dalam kes ini (lihat perenggan 22).

(5) Seseorang yang melakukan tort kelirupaan dan/atau tort campur tangan yang menyalahi undang-undang dengan perniagaan yang lain tidak dapat bergantung ke atas pembelaan OEM kerana dengan itu tidak akan terdapat perlindungan dan penguatkuasaan kepentingan sah plaintif dalam perniagaannya dan nama baik kepada perniagaan sedemikian berkaitan tanda dan nama plaintif. Oleh demikian, keusahawanan tempatan tidak akan digalakkan memandangkan tidak terdapat insentif untuk membangunkan perniagaan baru dan untuk membentuk nama baik dalam perniagaan berkaitan tanda tertentu, nama atau *get-up*. Juga, entiti asing akan dihalang daripada mengeksport ke Malaysia atau daripada mengeluarkan, mengedar atau memberikan barangan/perkhidmatan mereka di negara ini. Penafian defendan jelas menyatakan bahawa pam OEMnya bukan tulen/asli. Tidak terdapat keterangan untuk menunjukkan syarikat mana yang mengeluarkan pam WALMAR tersebut atau bagaimana pam WALMAR diperolehi untuk dijual semula di Malaysia atau sama ada pam WALMAR mematuhi apa-apa standard kawalan kualiti (lihat perenggan 31–32).

(6) Defendan tidak dapat bergantung ke atas penafian dalam laman webnya untuk mengelak liabiliti kerana: (a) ia bukanlah berkenaan pam WARMAL atau menyedarkan pelanggan munasabah mengenai pam WARMAL daripada berkemungkinan dikeliru/ditipu berkaitan pam WALMAR; (b) pelaku tort, walau bagaimanapun, bertanggungjawab untuk kelirupaan 'innocent'; dan (c) ia bukan adil atau elok bagi pelaku tort untuk bergantung ke atas penafian sebagai pembelaan kepada tort kelirupaan atau campur tangan yang menyalahi undang-undang di dalam perniagaan lain (lihat perenggan 34).

(7) Plaintif telah membuktikan kebarangkalian/kemungkinan nama baik perniagaannya akan rosak akibat misrepresentasi defendan melalui, antara lain, kerugian jualan pam WARMAL dan kerugian penggunaan eksklusif plaintif terhadap tanda dan nama WARMAL. Plaintif, walau bagaimanapun, gagal untuk membuktikan bahawa tanda WARMAL adalah cap dagangan yang terkenal dalam maksud s 70B(1) ACD untuk menyebabkan ia berhak untuk memohon relief injunktif terhadap defendan di bawah seksyen tersebut (lihat perenggan 24, 35 & 39).

(8) Dalam keadaan kes, mahkamah menjalankan budi bicaranya di bawah

ss 51(2) dan 52(1) Akta Relief Spesifik 1950 ('ARS') untuk memberikan injunksi mandatori berterusan menghalang defendan dariapda, antara lain, menggunakan tanda WALMAR. Mahkamah juga menjalankan budi bicaranya di bawah s 53 untuk memberikan injunksi mandatori berterusan untuk memaksa defendan untuk: (a) menarik balik permohonannya untuk pendaftaran tanda WARMAL di hadapan Pendaftar Cap Dagangan; dan (b) memberi dan menyerah kepada plaintif kesemua barangan dan material yang mana melanggar injunksi larangan berterusan tersebut (lihat perenggan 41).]

Notes

For cases on passing off in general, see 12(2) *Mallal's Digest* (5th Ed, 2017 Reissue) paras 2335–2385.

Cases referred to

AG Spalding Brothers v AW Gamage, Ltd [1914–1915] All ER Rep 147, HL (folld)

British Telecommunications plc and another v One In A Million Ltd and others; and other actions [1998] 4 All ER 476, CA (refd)

CDL Hotels International Ltd v Pontiac Marina Pte Ltd [1998] 2 SLR 550, CA (refd)

Compagnie Generale Des Eaux v Compagnie Generale Des Eaux Sdn Bhd [1996] MLJU 575; [1996] 2 BLJ 519, HC (refd)

Draper v Trist & Ors [1939] 3 All ER 513, CA (refd)

Dun & Bradstreet (Singapore) Pte Ltd & Anor v Dun & Bradstreet (Malaysia) Sdn Bhd [1994] 1 MLJ 32, HC (refd)

Erven Warnink BV and others v J Townend & Sons (Hull) Ltd and others [1979] AC 731, HL (folld)

Excelsior Pte Ltd v Excelsior Sport (S) Pte Ltd [1986] 1 MLJ 130, HC (refd)

H & R Johnson (Malaysia) Bhd v H & R Johnson Tiles Ltd & Anor [1995] MLJU 54; [1995] 2 AMR 1390, HC (refd)

Jellinek's Application, Re (1946) 63 RPC 59, Ch D (refd)

Lego Systems A/S v Lego M Lemelstrich [1983] FSR 155, HC (refd)

MI & M Corporation & Anor v A Mohamed Ibrahim [1964] 1 MLJ 392, FC (refd)

Megnaway Enterprise Sdn Bhd v Soon Lian Hock (sole proprietor of the firm Performance Audio & Car Accessories Enterprise) [2009] 3 MLJ 525, HC (refd)

Mun Loong Co Sdn Bhd v Chai Tuck Kin [1982] 1 MLJ 356, HC (refd)

Munusamy v Public Prosecutor [1987] 1 MLJ 492, SC (refd)

Pianotist Co's Application, Re (1906) 23 RPC 774, HC (refd)

Portcullis Trustnet (Singapore) Pte Ltd v George Pathmanathan a/l Micheal Gandhi Nathan & Ors [2017] MLJU 223, HC (refd)

Reckitt and Colman Products Ltd v Borden Inc and others [1990] 1 All ER 873, HL (folld)

Revertex Ltd & Anor v Slim Rivertex Sdn Bhd & Ors [1991] 1 MLJ 508, HC (refd)
Seet Chuan Seng & Anor v Tee Yih Jia Foods Manufacturing Pte Ltd [1994] 2 MLJ 770; [1994] 3 CLJ 7, SC (folld)
Sinma Medical Products (M) Sdn Bhd v Yomeishu Seizo Co Ltd & Ors [2004] 4 MLJ 358; [2004] 3 CLJ 815, CA (refd)
Solavoid Trade Mark [1977] RPC 1, PC (refd)
Syarikat Duasama Sdn Bhd v Abdul Aziz bin Ibrahim (t/a Radiant Star Enterprise) (Tiong Sing Trading Co Sdn Bhd & Anor, third parties) [2018] MLJU 5, HC (refd)
Syarikat Faiza Sdn Bhd & Anor v Faiz Rice Sdn Bhd & Anor and another suit [2017] MLJU 1595, HC (refd)
The Chinese Calligraphy Society of Singapore v Khoo Seng Kong [2008] SGHC 121, HC (refd)
The Commissioners of Inland Revenue v Muller & Co's Margarine Ltd [1901] AC 217, HL (refd)
The Scotch Whisky Association & Anor v Ewein Winery (M) Sdn Bhd [1999] 6 MLJ 280, HC (refd)
The Singapore Professional Golfers' Association v Chen Eng Waye and others [2013] 2 SLR 495, CA (refd)
Tohtonku Sdn Bhd v Superace (M) Sdn Bhd [1992] 2 MLJ 63; [1992] 1 CLJ Rep 344, SC (refd)
X1R Global Holding Sdn Bhd & Anor v Y-Teq Auto Parts (M) Sdn Bhd [2016] MLJU 1249; [2016] 6 MLRH 41, HC (refd)
Y-TEQ Auto Parts (M) Sdn Bhd v X1R Global Holding Sdn Bhd (formerly known as Quantum Global Far East) & Anor [2017] 2 MLJ 609; [2017] 2 MLRA 73, CA (refd)
Yong Sze Fun & Anor (t/a Perindustrian Makanan & Minuman Layang-Layang) v Syarikat Zamani Hj Tamin Sdn Bhd & Anor [2012] 1 MLJ 585, CA (refd)

Legislation referred to

Evidence Act 1950 s 114(g)
Societies Act 1966
Specific Relief Act 1950 ss 51(2), 52(1), 53
Trade Marks Act 1976 ss 14(2), 70B(1), 81(1)(a)
Trade Marks Regulations 1997 reg 13B, 13B(a), (b), (c), (d), (e), (f)

Ng Yueng May (Boo Min Lee with her) (Wong Jin Nee & Teo) for the plaintiff.
Abdul Qadir Sirry-Yus-Saqti bin Mohd Aros (Nursyafiqah bt Zamani with him) (AQ Saqti & Assoc) for the defendant.

Wong Kian Kheong JC:

A. INTRODUCTION

[1] The plaintiff company ('the plaintiff') promotes and sells 'slurry pumps' in Malaysia, Singapore and Brunei with the 'WARMAL' mark ('WARMAL pumps'). A copy of WARMAL mark is annexed to this judgment as 'Annexure A'.

[2] The defendant company ('the defendant') sells slurry pumps with the '*WALMAR*' mark (WALMAR pumps). A copy of WALMAR mark is annexed to this judgment as 'Annexure B'.

[3] The plaintiff has filed this action against the defendant ('this suit') based on the following three causes of action:

(a) the defendant has committed a tort of passing off by:

(i) passing off WALMAR pumps as WARMAL pumps (passing off WARMAL mark); and

(ii) passing off the defendant's business as that of the plaintiff's (passing off the plaintiff's corporate name);

(b) the defendant has committed a tort of unlawful interference with the plaintiff's business; and

(c) WARMAL mark is a well-known trademark which entitles the plaintiff to injunctive relief under s 70B(1) of the Trade Marks Act 1976 ('the TMA') against the defendant.

B. ISSUES

[4] The following questions arise in this case:

(a) whether the plaintiff has the locus standi to sue for the tort of passing off regarding WARMAL pumps when the plaintiff is only an exclusive manufacturing licensee and sole agent for 'WARMAN' pumps (WARMAN pumps) in Malaysia, Singapore and Brunei;

(b) if the plaintiff has the locus standi to commence this suit for the tort of passing off, has the defendant committed such a tort?

(c) whether the defendant has committed the tort of unlawful interference with the plaintiff's business;

(d) if the defendant has committed the tort of passing off and/or the tort of unlawful interference with the plaintiff's business, whether the defendant can rely on the following defences:

(i) the defendant only sells 'OEM' (original equipment manufacturer) pumps; and/or

(ii) disclaimers in the defendanf's website.

I am not able to find a prior Malaysian case which has decided on the above two defences; and

(e) is WARMAL mark a well-known trademark for the purpose of the enforcement of s 70B(1) of the TMA?

C. THE PLAINTIFF'S CASE

[5] The plaintiff's managing director, Mr Chua Chun Hock (SP1), gave the following evidence, among others:

(a) the plaintiff was incorporated on 30 April 1987. The plaintiff sells WARMAL pumps;

(b) the plaintiff has been appointed by Warman International Ltd ('Warman') to be its exclusive manufacturing licensee and sole agent for WARMAN pumps in Malaysia, Singapore and Brunei. SP1 clarified during re-examination that submersible and light duty slurry WARMAL pumps are different from heavy duty slurry WARMAN pumps. According to SP1, Warman subsequently changed its name to Weir Minerals Australia Ltd ('Weir');

(c) on 11 August 2015 the plaintiff had applied to the Registrar of Trade Marks ('registrar') to register WARMAL mark:

(i) for goods in Class 7 (pumps, accessories and spare parts for pumps); and

(ii) for services in Class 37 (installation, assembly, repair, cleaning, servicing, replacement and maintenance of spare parts for pumps).

(The plaintiff's trademark applications);

(d) the defendant was incorporated on 10 January 2013. On 15 May 2013, the defendant had applied to the registrar to register WALMAR mark for goods in Class 7 (the defendant's trademark application). The plaintiff found out about the defendant's trademark application when the registrar objected to the plaintiff's trademark applications because of the likelihood of confusion between WARMAL and WALMAR marks;

(e) the defendant sells WALMAR pumps which actually confuses the public to believe that WALMAR pumps (sold by the defendant) are WARMAL pumps (sold by the plaintiff) and the defendant is associated with the plaintiff. Hence, the filing of this suit; and

(f) the plaintiff's solicitors had sent two letters dated 12 January 2016 and 2 March 2016 to demand that the defendant, among others, immediately

A cease the use of WALMAR mark (plaintiff's two demands). The defendant did not reply to the plaintiff's two demands.

B **[6]** Mr Kok Chen Tong ('SP2') is an audit executive of GEP associates ('GEP'), the plaintiff's external auditor. SP2 testified that he was actually confused between WALMAR and WARMAL marks because he had spelt the plaintiff's name as 'WALMAR' in GEP's letter to the plaintiff's bank (to request for information for the purpose of GEP's audit of the plaintiff).

C **[7]** Mr Chuah Sze Jian ('SP3') is a manager of the plaintiff. According to SP3, among others:

(a) SP3 had received emails from the plaintiff's customers who had spelt the plaintiff's name as 'WALMAR'; and

D (b) SP3 had received emails from potential customers, PSG Insulation Sdn Bhd and Ann Joo Steel Bhd, which asked for a price quote for WALMAR pumps (sold by the defendant).

D. THE DEFENDANT'S CASE

E **[8]** Mr Yap Choon Hoang ('SD1'), a director of the defendant, gave the following evidence, among others:

(a) the plaintiff sells WARMAN pumps (not WARMAL pumps). The defendant however sells WALMAR pumps which are OEM products, F namely the defendant purchases pumps from OEM manufacturers and sells them with disclaimers that, among others, the OEM pumps are not genuine. During cross-examination and re-examination, SP1 admitted that the defendant does not sell genuine WARMAN pumps;

G (b) SD1 was not aware of WARMAL pumps or the plaintiffs name because the plaintiff's business is different from that of the defendant. Furthermore, the plaintiff sells WARMAN pumps (not WARMAL pumps). The defendant sells OEM pumps which are cheaper than WARMAN pumps (sold by the plaintiff);

H (c) SP1 created WALMAR mark from the name of 'WILMAR Group', one of the biggest and most established entities in oil palm plantations;

(d) before the defendant's trademark application was made, the defendant searched the register of trademarks (register) and did not discover any I mark in the register which was similar to WALMAR mark; and

(e) the defendant's customers, including Grower United Sdn Bhd ('GU') and JS Drive Engineering (M) Sdn Bhd ('JSDE'), have purchased WALMAR pumps from the defendant without any confusion between WALMAR and WARMAN pumps. The defendant's customers have

never requested for the defendant to supply WARMAN or WARMAL pumps. Nor have the defendant's customers informed the defendant that the plaintiff and defendant are the same company.

[9] Mr Loke Yan Chun ('SD2') is a director of GU. According to SD2, among others:

(a) GU is a marketing agent for the defendant and has purchased WARMAL pumps from the defendant without being confused between the plaintiff and defendant;

(b) the plaintiff sells WARMAN pumps. SD2 has no knowledge regarding the sale of WARMAL pumps in the market. GU has no transaction or relationship with the plaintiff; and

(c) GU had not received any complaint from its customers regarding confusion between WARMAL and WARMAN pumps.

[10] Mr Loo Tuck Chee ('SD3') was JSDE's former sales manager. SD3 testified as follows, among others:

(a) JSDE is a distributor of the defendant's WARMAL pumps; and

(b) JSDE is not confused between the plaintiff and defendant because the plaintiff sells WARMAN pumps which are more expensive than the defendant's WARMAL pumps (which are cheaper because WARMAL pumps are OED products). SD3 further stated that he has no knowledge of sales of WARMAL pumps in the market.

E. CREDIBILITY OF WITNESSES

[11] I find as a fact that SP1, SP2 and SP3 are credible witnesses. Firstly, this is because their oral evidence is supported by documentary evidence. Furthermore, SP2 was not cross-examined at all by the defendant's learned counsel, Encik Abdul Qadir Sirry-Yus-Saqti ('Encik Saqti'). Lastly, the credibility of SP1 and SP3 has not been undermined in any manner by Encik Saqti's cross-examination.

[12] I make a finding of fact that SD1 is not a credible witness. This finding is based on the following evidence and reasons:

(1) it is clear from the documentary evidence adduced in this case regarding WARMAL, WARMAN and WALMAR pumps that the plaintiff and defendant are in the same business. In fact, the plaintiff and defendant are business competitors. Yet, SD1 incredulously testified during cross-examination and re-examination that the plaintiff and defendant are not in the same business;

(2) SD1 testified in his witness statement ('WSSD1') that the defendant sells WARMAN pumps. During cross-examination, SD1 admitted that this evidence was not true because the defendant does not sell genuine WARMAN pumps;

(3) during re-examination, SD1 testified that the defendant did not reply to the first of the plaintiff's two demands (the plaintiff's first demand) due to two reasons. Firstly, the plaintiff's first demand was not 'relevant because it concerned WALMAR mark. Secondly, the defendant's trademark application had been filed. I am of the view that SD1's explanation regarding the defendant's failure to answer the plaintiff's first demand, is not credible. If SD1's two-fold excuse was true, the defendant could have easily replied as such to the plaintiff's first demand. Furthermore, SD1 did not offer any credible reason why the defendant could not have replied to the plaintiff's second demand (the plaintiff's second demand). In fact, the plaintiff's second demand stated that the plaintiff's solicitor, Ms Wong Jin Nee, had telephoned one Ms Lim Chooi Ping ('Ms Lim') from the defendant regarding the plaintiff's first demand and had been informed by Ms Lim that the defendant was 'still investigating the matter and would revert in due course'!; and

(4) SD1 agreed during cross-examination that the pumps sold by the plaintiff and defendant are the same. SD1 changed his testimony during re-examination and said that the pumps sold by the plaintiff are different from those sold by the defendant. SD1 then gave insignificant reasons regarding the differences in the pumps sold by the plaintiff and defendant. Based on the undisputed documentary evidence regarding WARMAN, WARMAL and WALMAR pumps, I have no hesitation to hold that these pumps are similar in terms of their function, purpose, use, nature, composition and essential characteristics.

[13] This court finds as a fact that SD2 and SD3 are not independent witnesses. During cross-examination, SD2 and SD3 admitted that GU and JSDE are interested in the outcome of this suit. This is because GU is a marketing agent for the defendant's WARMAL pumps while JSDE distributes such pumps. Accordingly, the commercial interest of both GU and JSDE in selling the defendant's WALMAR pumps, will be adversely affected if the plaintiff succeeds in this suit.

F. TORT OF PASSING OFF

[14] It is not disputed that Malaysian case law has applied the following three tests to decide whether a tort of passing off has been committed or not (three tests):

(a) Lord Diplock's test in the House of Lords case of *Erven Warnink BV and*

others v J Townend & Sons (Hull) Ltd and others [1979] AC 731 (Lord Diplock's test) has been accepted by the majority judgment of the Supreme Court delivered by Gunn Chit Tuan CJ (Malaya) in *Seet Chuan Seng & Anor v Tee Yih Jia Foods Manufacturing Pte Ltd* [1994] 2 MLJ 770 at p 781; [1994] 3 CLJ 7 at p 15;

(b) the majority decision in *Seet Chuan Seng* has also affirmed Lord Fraser's test as laid down in *Erven Warnink (Lord Fraser's test)*; and

(c) Nik Hashim JCA (as he then was) in the Court of Appeal case of *Sinma Medical Products (M) Sdn Bhd v Yomeishu Seizo Co Ltd & Ors* [2004] 4 MLJ 358; [2004] 3 CLJ 815, at para 33, has applied Lord Oliver's test in the House of Lords in *Reckitt and Colman Products Ltd v Borden Inc and others* [1990] 1 All ER 873 at p 880 (Lord Oliver's test).

F(1). Goodwill

[15] The three tests require a plaintiff in a passing off action based on a mark or get-up to prove that the plaintiff enjoys goodwill in the business regarding the mark or get-up. The following cases have explained the meaning of goodwill:

(a) goodwill has been described by Lord MacNaghten in the House of Lords case of *The Commissioners of Inland Revenue v Muller & Co's Margarine Ltd* [1901] AC 217, at pp 223–224, as an 'attractive force which brings in custom';

(b) in *AG Spalding Brothers v AW Gamage, Ltd* [1914–1915] All ER Rep 147, at p 150, Lord Parker in the House of Lords held that goodwill is attached to a business and not to a mark or get-up; and

(c) LP Thean JA explained in the Singapore Court of Appeal case of *CDL Hotels International Ltd v Pontiac Marina Pte Ltd* [1998] 2 SLR 550, at paras 45–50, that goodwill, unlike reputation, does not exist on its own but must be attached to a business.

F(2). Does the plaintiff have locus standi to claim for tort of passing off?

[16] Encik Saqti has submitted that the plaintiff has no locus standi to file this suit based on the tort of passing off because this suit was filed without the consent of Warman or Weir. Encik Saqti further contended that an adverse inference under s 114(g) of the Evidence Act 1950 ('the EA') should be drawn against the plaintiff for failing to adduce in this suit a copy of the distributorship agreement between the plaintiff on the one part and Warman or Weir on the other part ('distributorship agreement').

[17] I am of the view that a plaintiff has the right to sue for passing off

regarding a mark or get-up if the plaintiff has goodwill in the business in respect of the mark or get-up. The plaintiff has the legal burden to prove on a balance of probabilities that the plaintiff enjoys goodwill in the business in respect of WARMAL mark and the plaintiff's name ('the plaintiff's goodwill'). I am satisfied that the plaintiff has succeeded to prove the plaintiff's goodwill on a balance of probabilities. This finding is based on the following evidence and reasons:

(a) the plaintiff has adduced brochures and product catalogues for its clients and potential clients regarding WARMAL pumps (pp 11–15, Bundle B). These brochures and product catalogues have been distributed to the plaintiff's clients and potential clients with a note that such brochures and catalogues are given 'with compliments' from the plaintiff;

(b) WARMAL mark on a metal plate is affixed by rivet to all WARMAL pumps sold by the plaintiff;

(c) performance data regarding WARMAL pumps has been adduced by the plaintiff in this suit;

(d) the plaintiff also produced extracts of its audited accounts from 30 April 1987 (date of the plaintiff's incorporation) to the financial year ending 31 July 2015 ('the plaintiff's audited accounts') which shows that up to 2015, the plaintiff's sales of WARMAL pumps had exceeded RM130m (pp 88–172, Bundle B);

(e) the plaintiff's audited accounts showed that the plaintiff had spent a certain sum of money in each accounting year for the advertisements, promotion and marketing of WARMAL pumps. In fact, the plaintiff's name has also been advertised in trade directories such as 'Yellow Pages' (as early as 1994 (p 175 of Bundle A)) and 'Super Pages' (as early as 2008 (p 177 Bundle A));

(f) the plaintiff has a website in its name which promotes the sales of WARMAL pumps. The plaintiff also has its own domain name, 'WARMALPUMP.COM' which is created on 24 September 2013;

(g) Weir's website has referred to the plaintiff by name; and

(h) the plaintiff has sold WARMAL pumps in Singapore and Brunei. Furthermore, the plaintiff's name has been advertised in 'Singapore Yellow Pages'. The court may consider goodwill of a business which crosses national boundaries — please see *Portcullis Trustnet (Singapore) Pte Ltd v George Pathmanathan a/l Micheal Gandhi Nathan & Ors* [2017] MLJU 223, at para 124.

[18] It is clear that the word 'WARMAL' is not a name, surname, a geographical name, an ordinary word or a purely descriptive term (with direct reference to the character or quality of pumps). As explained in the above

para 17, this court is satisfied that there is plaintiff's goodwill attached to the plaintiff's business regarding WARMAL mark and name. I am also satisfied that WARMAL mark and name is distinctive of WARMAL pumps and the plaintiff's business. Accordingly, the plaintiff is entitled to claim for a tort of passing off in respect of WARMAL mark and name.

[19] In view of the evidence elaborated in the above para 17, I have no hesitation to dismiss the defendant's submission that the plaintiff has no locus standi to file this suit based on the tort of passing off. Furthermore, the plaintiff's passing off claim is based on WARMAL mark and its name. The plaintiff's passing off action is not based on WARMAN mark. There is therefore no requirement for Warman or Weir to consent to this suit (based on WARMAL mark and name). There is also no requirement for the plaintiff to adduce the distributorship agreement (regarding WARMAN mark) as evidence in this suit. If the distributorship agreement is not material to this suit, the plaintiff's non-production of the distributorship agreement cannot attract an adverse inference under s 114(g) of the EA — please see Mohd Azmi SCJ's judgment in the Supreme Court case of *Munusamy v Public Prosecutor* [1987] 1 MLJ 492 at p 494.

F(3). Has defendant misrepresented WALMAR mark?

[20] The three tests require the plaintiff to prove on a balance of probabilit ies that the defendant has used WALMAR mark on its pumps in such a manner which misrepresents to the public and is likely to lead the public to believe that:

(a) the defendant's WALMAR pumps are the same as or are similar to the plaintiff's WARMAL pumps; and/or

(b) the defendant's business is that of the plaintiff's or 1s affiliated, associated or related to the plaintiff's.

[21] I am of the following view regarding the element of misrepresentation in the tort of passing off:

(a) a defendant misrepresents the defendant's mark or get-up in respect of the defendant's goods/services if the use of the defendant's mark or get-up is likely to deceive or confuse the public between the goods/services of the defendant and plaintiff (likelihood of deception/confusion) — *Sinma Medical Products* at para 37. As decided by Sundaresh Menon CJ in the Singapore Court of Appeal case of *The Singapore Professional Golfers' Association v Chen Eng Waye and others* [2013] 2 SLR 495, at para 28, the focus of the inquiry (on whether there is misrepresentation by a defendant) is the defendant's use of the mark or get-up with regard to the defendant 's goods/services;

(b) a plaintiff is not required to prove that the public is actually deceived or confused between the goods/services of the plaintiff and defendant (actual deception/confusion) — *Sinma Medical Products*, at para 37;

(c) the question of likelihood of deception/confusion:

(i) is to be decided solely by the court without the aid of evidence from any witness (factual or expert), market survey, market research, market study or market inquiry — please see *Syarikat Duasama Sdn Bhd v Abdul Aziz bin Ibrahim (t/a Radiant Star Enterprise) (Tiong Sing Trading Co Sdn Bhd & Anor, third parties)* [2018] MLJU 5 at paras 30–31; and

(ii) is to be decided objectively;

(d) there cannot be a misrepresentation of a name, surname, a geographical name, an ordinary word or a purely descriptive term (with direct reference to the character or quality of goods/services) unless the name or term has acquired a secondary meaning by a course of dealing over time in the sense that the name or term is descriptive of the plaintiff's goods/services and of the plaintiff's goods/services alone — please see Lord Oliver's judgment in *Reckitt & Colman Products* at pp 885–886;

(e) a plaintiff is not required to prove that the defendant has acted with fraudulent or dishonest intent — please see Wilfrid Greene MR's judgment in the English Court of Appeal case of *Draper v Trist & Ors* [1939] 3 All ER 513, at p 517. The misrepresentation may be done without any intention on the part of the defendant — please see Lord Oliver's judgment in *Reckitt & Colman Products,* at p 880; and

(f) whether a defendant has misrepresented a mark or get-up, is a question of fact — *Seet Chuan Seng* at p 782. Accordingly, cases which have decided on the existence or non-existence of misrepresentation, are merely illustrative and are not binding legal precedents from the view point of the stare decisis doctrine.

[22] I find as a fact that the plaintiff has succeeded to prove on a balance of probabilities that the defendant has used WALMAR mark on its pumps in such a manner which has caused and continue to cause a likelihood of deception/confusion ('the defendant's misrepresentation') that:

(1) the defendant's WALMAR pumps are the same as or are similar to the plaintiff's WARMAL pumps; and/or

(2) the defendant's business is that of the plaintiff's or is affiliated, associated or related to the plaintiff's.

The above finding regarding the defendant's misrepresentation is premised on the following evidence and reasons:

(a) in *Jellinek's Application, Re* (1946) 63 RPC 59, at p 70, Romer J (as he then was) in the English High Court has held that the court should consider whether the goods of the plaintiff and defendant are similar. For reasons explained in the above sub-para 12(4), WALMAR and WARMAL pumps are similar;

(b) in the English High Court case of *Pianotist Co's Application, Re* (1906) 23 RPC 774, Parker J (as he then was) considered the nature of the customers of the goods in question. *Re Pianotist Co Ltd* has been applied by Mohd Yusoff Mohamad SCJ in the Supreme Court case of *Tohtonku Sdn Bhd v Superace (M) Sdn Bhd* [1992] 2 MLJ 63 at p 66; [1992] 1 CLJ Rep 344 at p 347. The customers of WALMAR and WARMAL pumps are similar;

(c) the trade channels of the goods in question should be taken into account — *Jellinek's Application, Re* at p 70. In this case, the trade channels of WALMAR and WARMAL pumps are similar as both products are sold by, among others, brochures and catalogues;

(d) Lord Fraser has decided in *Solavoid Trade Mark* [1977] RPC 1 at p 30, (an appeal to the Privy Council from New Zealand) that the court should consider whether there is a similarity of idea or concept between the goods in question. WALMAR and WARMAL marks clearly share a similar idea and/or concept;

(e) the court should consider how WALMAR and WARMAL marks are used on or applied to the pumps — please see *Solavoid Trade Mark,* at p 31. WALMAR and WARMAL marks are used on or applied to the pumps in a similar manner;

(f) a phonetic comparison of WALMAR and WARMAL marks should be undertaken — *Sinma Medical Products,* at paras 37–39. The pronunciation of WALMAR and WARMAL marks sound alike because both marks share two similar syllables;

(g) the court should make a visual comparison of WALMAR and WARMAL marks — please see Abdul Malik Ishak JCA's judgment in the Court of Appeal case of *Yong Sze Fun & Anor (t/a Perindustrian Makanan & Minuman Layang-Layang) v Syarikat Zamani Hj Tamin Sdn Bhd & Anor* [2012] 1 MLJ 585, at para 163.

An ocular examination of WALMAR and WARMAL marks shows two differences (differences). The first difference is that the letters 'L' and 'R' in WALMAR mark are placed differently in WARMAL mark. The second difference is that WALMAR mark is in blue colour while WARMAL mark is in black.

Despite the differences, a visual comparison between WALMAR and WARMAL marks reveals the following striking similarities:

(i) WALMAR and WARMAL marks have the same letters in the same order except that the letters 'L' and 'R' in WALMAR mark are in the reverse order in WARMAL mark;

(ii) all the letters in WALMAR and WARMAL marks are in capital; and

(iii) WALMAR and WARMAL marks have a similar style and font;

(h) applying the 'general recollection test' as explained by Thomson LP in the Federal Court case of *MI & M Corporation & Anor v A Mohamed Ibrahim* [1964] 1 MLJ 392 at p 294, this court finds that a reasonable customer of WARMAL pumps (with an average memory and an imperfect recollection of the exact details of WARMAL pumps) is likely to be deceived and/or confused between WARMAL and WALMAR pumps; and

(i) all the circumstances of the case should be considered by the court in deciding whether the defendant's misrepresentation has been made or not — *Yong Sze Fun*, at para 163. The following circumstances support a finding that the defendant's misrepresentation has indeed been made:

(i) if the defendant had not committed the defendant's misrepresentation, the defendant should have replied as such to:

(ia) the plaintiff's two demands;

(ib) a letter dated 11 April 2016 from the plaintiff's solicitors to the defendant which stated that the defendant had failed to respond to the plaintiff's two demands and enclosed a copy of the plaintiff's draft statement of claim; and

(ic) two emails dated 2 February 2016 and 17 February 2016 from the plaintiff's solicitors to the defendant (referred in the first paragraph in the plaintiff's first demand);

(ii) the defendant's website wrongly stated that WALMAR mark had been registered as a trademark. According to the defendant's website, among others:

Product Name: WALMAR TM

...

Product description:

WALMAR TM is a registered trade mark and offers a complete range of robust and heavy duty slurry pumps. ... WALMAR TM features fully dimensionally and interchangeable parts with WARMAN®AH series slurry pump. (Emphasis added.)

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The plaintiff's first demand has expressly warned the defendant that it is an offence to misrepresent WALMAR mark as a registered trademark (in paras 4.2 and 6). Despite such a warning, until the date of the oral decision of this case (4 October 2017), the defendant's website has not been corrected and the defendant continues to misrepresent to the public that WALMAR mark is a registered trademark. It is to be noted that a person who makes a representation that a mark is a registered trademark (when the mark is not a registered trademark), commits an offence under s 81(1)(a) of the TMA and may be liable to imprisonment up to a maximum of two months and a fine not exceeding RM500;

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(iii) (C) the plaintiff has been using WARMAL mark and name since its incorporation on 30 April 1987. The defendant was only incorporated on 10 January 2013, more than 25 years after the plaintiff's incorporation. The onus is therefore on the defendant to ensure that the defendant's mark does not cause a likelihood of deception/confusion. The defendant however has deliberately chosen WALMAR mark which causes a likelihood of deception/confusion. I rely on Lord Jauncey's judgment in *Reckitt & Colman Products,* at p 894, as follows:

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> My Lords, if I had been asked to express my views on this matter without the aid of able argument and copious citation of authority but guided by common sense, *I should have stated the following propositions.*
>
> ...
>
> (c) *Where trader A enters the market to compete with trader B whose g·oods have acquired a reputation and are identified by a particular get-up it will be a question of degree to what extent trader A must differentiate his get-up from that of trader B in order to avoid deception. If B's goods have been in the market for a relatively short time with a get-up which is not particularly distinctive, the steps required to differentiate may not be very substantial. If, on the other hand, those goods have been in the market for a Jong time with a particularly distinctive get-up then A, seeking to market his goods with a similar get-up, will require to take far more drastic steps to inform the public that his goods are not those of B, since the public, having Jong become used to such a get-up as identifying the goods of B, are likely to be less mindful of differences in detail.* (Emphasis added.); and

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(iv) (D) as the plaintiff and defendant are business competitors regarding the sale of pumps, the defendant cannot claim ignorance of the plaintiff's WARMAL mark and name. Hence, this court cannot accept the defendant's claim that the defendant has chosen WALMAR mark based on 'WILMAR' group in the oil palm industry. There is no reason why the defendant cannot use its own

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name (pump matrix) or any mark other than WALMAR mark. There is therefore no justification for the defendant's misrepresentation. The only inference the court can make is that the defendant has intentionally used WALMAR mark so as to 'appropriate' the plaintiff's goodwill — please see Aldous LJ's judgment in the English Court of Appeal case of *British Telecommunications plc and another v One In A Million Ltd and others; and other actions* [1998] 4 All ER 476 at p 493.

In view of the above evidence and reasons supporting the defendant's misrepresentation, the differences do not disabuse a reasonable customer of WARMAL pumps from the likelihood of being confused and/or deceived with WALMAR pumps. In fact, the differences, in my view, have been contrived by the defendant to disguise its commission of the tort of passing off in this case.

F(4). Whether the plaintiff has proven likelihood of damage

[23] It is not disputed that a plaintiff in a passing off action is only required to prove on a balance of probabilities that there is a probability or likelihood of damage to the goodwill attached to the plaintiff's business which has been caused by the defendant's misrepresentation — please see *Yong Sze Fun* at para 240.

[24] This court finds that the plaintiff has succeeded to prove a probability or likelihood of damage caused by the defendant's misrepresentation to the plaintiff's goodwill. This finding is based on the following evidence and reasons:

(a) as decided in *Seet Chuan Seng,* at p 15, if the goods in question are in direct competition with one another, the court will readily infer the likelihood of damage to the plaintiff's goodwill through loss of sales and loss of exclusive use of the plaintiff's trade name. In this case, WALMAR and WARMAL pumps are in direct competition with each other. Consequently, there is a likelihood of damage caused by the defendant's misrepresentation to the plaintiff's goodwill in the form of:

(i) loss of sales of WARMAL pumps; and

(ii) loss of the plaintiff exclusive use of WARMAL mark and name;

(b) there is a probability that the plaintiff's goodwill is damaged by a dilution of WARMAL mark to the detriment of the plaintiff — please see Abdul Hamid Mohamad J's (as he then was) decision in the High Court in *The Scotch Whisky Association & Anor v Ewein Winery (M) Sdn Bhd* [1999] 6 MLJ 280 at p 303; and

(c) the defendant's misrepresentation will prevent the plaintiff from controlling the reputation to which the plaintiff's goodwill is associated with WARMAL mark — please see Falconer J's (as he then was) judgment in the English High Court case of *Lego Systems A/S v Lego M Lemelstrich* [1983] FSR 155 at pp 190–191.

F(5). Has the defendant committed tort of passing off?

[25] This court is satisfied that the plaintiff has proven on a balance of probabilities that the defendant has committed the following two counts of the tort of passing off:

(a) the defendant has passed WALMAR pumps as WARMAL pumps; and

(b) the defendant has passed its business is that of the plaintiff's or is affiliated, associated or related to the plaintiff's

(Two counts of passing off).

The court's finding of the two counts of passing off is based on an application of all the three tests as follows:

(a) based on Lord Diplock's test:

(i) the defendant's misrepresentation has been proven — please see the above Part F(3);

(ii) the defendant's misrepresentation has been made in the course of trade;

(iii) the defendant's misrepresentation has been made to prospective or ultimate customers of WALMAR pumps;

(iv) the defendant's misrepresentation is calculated to injure the plaintiff's goodwill in the sense that this is a reasonably foreseeable consequence; and

(v) the defendant's misrepresentation has caused actual damage or will probably cause damage to the plaintiff's goodwill — please see the above Part F(4);

(b) applying Lord Fraser's test:

(i) the plaintiff's business includes the selling of WARMAL pumps in Malaysia (among other countries) and WARMAL pumps is a class of goods to which the particular WARMAL mark and name apply;

(ii) WARMAL pumps is a class of goods which is clearly defined in the minds of the Malaysian public and WARMAL mark and name distinguish WARMAL pumps from other pumps;

(iii) because of the reputation of WARMAL Pumps, there exists the plaintiff's goodwill — please see the above Part F(1);

(iv) the plaintiff is the owner of the plaintiff's goodwill in Malaysia which is of substantial value — please see the above Part F(1); and

(v) the plaintiff has suffered, or is really likely to suffer, substantial damage to the plaintiff's goodwill by reason of the defendant's sale of WALMAR pumps — please see the above Part F(4); and

(c) premised on Lord Oliver's test:

(i) the plaintiff's goodwill has been proven — please see the above Part F(1);

(ii) the defendant's misrepresentation has been committed — please see the above Part F(3); and

(iii) the plaintiff has proven that the plaintiff has suffered or is likely to suffer damage by reason of the defendant's misrepresentation — please see the above Part F(4).

[26] It is to be noted the following cases have recognised the tort of passing off based on the name of a business (including a corporate name):

(a) Mohd Azmi J's (as he then was) judgment in the High Court in *Mun Loong Co Sdn Bhd v Chai Tuck Kin* [1982] 1 MLJ 356, at p 357;

(b) Chua J's decision in the Singapore High Court case of *Excelsior Pte Ltd v Excelsior Sport (S) Pte Ltd* [1986] 1 MLJ 130, at p 132;

(c) the judgment of Siti Norma Yaakob J (as she then was) in the High Court in *Revertex Ltd & Anor v Slim Rivertex Sdn Bhd & Ors* [1991] 1 MLJ 508 at p 511;

(d) the decision of Abdul Malek Ahmad J (as he then was) in the High Court in *Dun & Bradstreet (Singapore) Pte Ltd & Anor v Dun & Bradstreet (Malaysia) Sdn Bhd* [1994] 1 MLJ 32 at p 39;

(e) RK Nathan JC's (as he then was) judgment in the High Court case of *Compagnie Generale Des Eaux v Compagnie Generale Des Eaux Sdn Bhd* [1996] MLJU 575; [1996] 2 BLJ 519 at p 535;

(f) *Portcullis Trustnet (Singapore) Pte Ltd*, at paras 125(5) and 129(2); and

(g) *Syarikat Faiza Sdn Bhd & Anor v Faiz Rice Sdn Bhd & Anor and another suit* [2017] MLJU 1595 at paras 113 and 117–118.

[27] In Singapore, the tort of passing off has been extended to protect the goodwill of non-profit or non-commercial associations and societies. I refer to the following Singapore cases:

(a) *The Singapore Professional Golfers' Association,* at para 23; and

(b) Tay Yong Kwang J's decision in the High Court in *The Chinese Calligraphy Society of Singapore v Khoo Seng Kong* [2008] SGHC 121 at paras 1, 5, 19 and 25.

Based on the above Singapore cases, I am of the view that the goodwill of a non-profit or non-commercial society registered under our Societies Act 1966 may be protected by the law on passing off. Furthermore, there is nothing in principle and policy why the tort of passing off cannot protect the goodwill of non-profit or non-commercial registered societies in this country.

G. HAS THE DEFENDANT UNLAWFULLY INTERFERED WITH THE PLAINTIFF'S BUSINESS?

[28] The tort of unlawful interference with a person's business is first recognised in Malaysia by Zakaria Yatim J (as he then was) in the High Court case of *H & R Johnson (Malaysia) Bhd v H & R Johnson Tiles Ltd & Anor* [1995] MLJU 54; [1995] 2 AMR 1390. In *Megnaway Enterprise Sdn Bhd v Soon Lian Hock (sole proprietor of the firm Performance Audio & Car Accessories Enterprise)* [2009] 3 MLJ 525 at para 48, Low Hop Bing J (as he then was) has laid down in the High Court the following four elements of the tort of unlawful interference with a person's trade:

(a) there is interference by a defendant with a plaintiffs trade or business;

(b) the interference is done by unlawful means;

(c) the defendant has the intention to injure the plaintiff; and

(d) the plaintiff is injured by the interference.

[29] I find as a fact that the plaintiff has proven on a balance of probabilities that the defendant has committed the tort of unlawful interference with the plaintiff's business because:

(a) the defendant has interfered with the plaintiff's business ('the defendant's interference') when:

(i) the defendant uses WALMAR mark on pumps sold by the defendant which causes a likelihood of deception/confusion with regard to WARMAL pumps sold by the plaintiff;

(ii) the defendant misrepresents in its website that WALMAR mark is a registered trademark; and

(iii) the registrar has refused to allow the plaintiff's trademark applications due to a likelihood of deception/confusion with WALMAR mark;

(b) the defendant's interference is done by unlawful means because:

(i) the defendant's interference amounts to two counts of passing off; and

(ii) the defendant misrepresentation in its website that WALMAR mark is a registered trademark, constitutes an offence under s 81(1)(a) of the TMA;

(c) the defendant has the intention to injure the plaintiff — please see the above sub-para 22(i); and

(d) the plaintiff is injured by the defendant's interference — please see the above Part F(4).

H. WHETHER THE DEFENDANT CAN RELY ON SALE OF OEM PUMPS AS A DEFENCE ('OEM DEFENCE')

[30] Firstly, my research is not able to reveal any previous case in Malaysia and common law countries which has discussed OEM defence in a suit for the tort of passing off or the tort of unlawful interference with business.

[31] In this case, the defendant's disclaimer in p 47, Bundle A ('first disclaimer') has clearly stated that the defendant's OEM pumps are 'non-genuine'. SD1 had admitted during cross-examination and re-examination that the defendant's OEM pumps are not 'original'. The defendant did not adduce any evidence in this suit as to which company has actually manufactured WALMAR pumps. No documentary evidence was produced by the defendant in this case on how the defendant had obtained WALMAR pumps for re-sale in Malaysia. Nor was there any evidence adduced by the defendant to show that WALMAR pumps sold by the defendant, conform to any standard on quality control.

[32] I am of the view that a person who has committed a tort of passing off and/or tort of unlawful interference with business ('tortfeasor'), cannot rely on OEM defence. This is because if a tortfeasor can rely on OEM defence, this means that there will no protection and enforcement of a plaintiff's legitimate interest in the plaintiff's business and the goodwill attached to such a business regarding the plaintiff's mark and name. In such an event:

(a) local entrepreneurship will be discouraged as there will be no incentive to develop a new business and to create goodwill in the business regarding a particular mark, name or get-up; and

(b) foreign entities will be deterred from exporting into Malaysia, manufacturing, distributing or providing their goods/servi ces in this country.

I. CAN DEFENDANT RELY ON DISCLAIMER AS A DEFENCE?

[33] The defendant's website provides the following two disclaimers ('two disclaimers'):

(a) the first disclaimer stated:

> *DISCLAIMER*
>
> *[Defendant] is not associated in any way affiliated with the above listed brand and companies. All our products are non genuine products of the listed brand with direct OEM sourcing from all over the world. All OEM numbers, part numbers, symbols and descriptions are used for reference purposes only, and we are not implying that any of our products are produced by the above listed brand, companies or their affiliates.* (Emphasis added.); and

(b) at p 51, Bundle A ('second disclaimer'):

> *Disclaimer*
>
> *WALMAR TM does not represent, or is not in any way affiliated with WARMAN® a registered trade mark of Weir Slurry Group Inc. All names, numbers, symbols and descriptions are used for reference purposes only and do not imply that any part or pump listed is the product of Weir pumps.* (Emphasis added.)

[34] I am not able to find any decided case in Malaysia and common law countries which has decided on the question of whether a tortfeasor can rely on a disclaimer as a defence in a claim based on the tort of passing off or tort of unlawful interference with business. I am of the view that the defendant cannot rely on the two disclaimers to avoid liability for the tort of passing off and/or tort of unlawful interference with business. This decision is premised on the following evidence and reasons:

(a) the first disclaimer does not concern WARMAL pumps;

(b) the two disclaimers do not disabuse a reasonable customer of WARMAL pumps from the likelihood of being confused and/or deceived with WALMAR pumps;

(c) Lord Parker has decided in *AG Spalding Brothers* at p 149, that a tortfeasor is still liable for 'innocent' passing off. *A fortiori,* a tortfeasor 's liability for the tort of passing off should not be excluded by a disclaimer; and

(d) for the reasons expressed in the above para 32, it is neither just nor desirable for a tortfeasor to rely on a disclaimer as a defence against the tort of passing off or the tort of unlawful interference with business.

J. WHETHER WARMAL MARK IS A WELL-KNOWN TRADEMARK

[35] The plaintiff has claimed that WARMAL mark is a well-known trademark and the plaintiff is therefore entitled to seek injunctive relief under s 70B(1) of the TMA against the defendant.

[36] Sections 14(2) and 70B(1) of the TMA and reg 13B of the Trade Marks Regulations 1997 ('the TMR') provide as follows:

TMA

14(2) *Article 6bis of the Paris Convention and Article 16 of the TRIPS Agreement shall apply for the purpose of determining whether a trade mark is a well-known trade mark.*

70B *Protection of well-known trade marks*

(1) *The proprietor of a trade mark which is entitled to protection under the Paris Convention or the TRIPS Agreement as a well-known trade mark is entitled to restrain by injunction the use in Malaysia in the course of trade and without the proprietor's consent of the trade mark which, or the essential part of which, is identical with or nearly resembles the proprietor's mark, in respect of the same goods or services, where the use is likely to deceive or cause confusion.*

TMR

Criteria of well-known mark

13B In determining whether a mark is well-known or not, the following criteria may be taken into account:

(a) *the degree of knowledge or recognition of the mark in the relevant sector of the public;*

(b) *the duration, extent and geographical area of any use of the mark;*

(c) *the duration, extent and geographical area of any promotion of the mark, including advertising or publicity and the presentation, at fairs or exhibitions, of the goods or services to which the mark applies;*

(d) *the duration and geographical area of any registrations, or any applications for registration, of the mark to the extent that they reflect use or recognition of the mark;*

(e) *the record of successful enforcement of rights in the mark, in particular, the extent to which the mark was recognized as well known by competent authorities;*

(f) *the value associated with the mark.* (Emphasis added.)

[37] I reproduce below article 6bis(1) of the Paris Convention and article 16(2) of the TRIPS agreement:

Article 6bis Paris Convention

Marks: Well-Known Marks

(1) *The countries of the Union undertake, ex officio if their legislation so permits, or at the request of an interested party, to refuse or to cancel the registration, and to prohibit the use, of a trademark which constitutes a reproduction, an imitation, or a translation, liable to create confusion, of a mark considered by the competent authority of the country of registration or use to be well known in that country as being already the mark of a person entitled to the benefits of this Convention and used for identical or similar goods.* These provisions shall also apply when the essential part of the mark constitutes a reproduction of any such we/I-known mark or an imitation liable to create confusion therewith.

...

Article 16 TRIPS Agreement

Rights Conferred

(2) Article 6bis of the Paris Convention (1967) shall apply, mutatis mutandis, to sevices. *In determining whether a trademark is well-known, Members shall take account of the knowledge of the trademark in the relevant sector of the public, including knowledge in the Member concerned which has been obtained as a result of the promotion of the trademark.* (Emphasis added.)

Article 6bis(1) of the Paris Convention merely states that a well-known trademark is one which is considered as such by the 'competent authority' of a country or its use is well known in that country to be entitled to the benefits of the Paris Convention. Article 16(2) of the TRIPS Agreement provides for a criteria which has been stated in reg 13B(a) and (c) of the TMR.

[38] In *X1R Global Holding Sdn Bhd & Anor v Y-Teq Auto Parts (M) Sdn Bhd* [2016] MLJU 1249; [2016] 6 MLRH 41 at para 30, I have held that the list of criteria to ascertain whether a mark is well-known trademark or not in reg 13B(a)–(f) of the TMR is neither mandatory nor exhaustive. The decision in *X1R Global Holdings* has been affirmed by the Court of Appeal in a judgment delivered by Hamid Sultan Abu Backer JCA in *Y-TEQ Auto Parts (M) Sdn Bhd v X1R Global Holding Sdn Bhd (formerly known as Quantum Global Far East) & Anor* [2017] 2 MLJ 609; [2017] 2 MLRA 73.

[39] I find as a fact that the plaintiff has failed to prove WARMAL mark is a well-known trademark within the meaning of s 70B(1) of the TMA. This finding is based on the following evidence and reasons:

(a) the plaintiff has not adduced any evidence regarding the 'degree of knowledge or recognition, of WARMAL mark in the slurry pump sector (please see reg 13B(a) of the TMR). There is also no evidence that WARMAL mark has received any award or recognition in the slurry pump sector;

(b) during cross-examination, SP1 agreed that WARMAL mark has not been recognised as a well-known trademark by any competent authority (please see reg 13B(e) of the TMR);

(c) WARMAL mark has not been registered as a trademark in Malaysia or any other country (please see reg 13B(d) of the TMR);

(d) the plaintiff has not successfully enforced WARMAL mark in Malaysia or any other country (please see reg 13B(e) of the TMR); and

(e) the plaintiff has not adduced any evidence regarding the value associated with WARMAL mark (please see reg 13B(f) of the TMR).

K. RELIEF

[40] After the court's oral judgment in this case, Ms Ng Yueng May (the plaintiff's learned counsel) had sought instructions from the plaintiff on whether the plaintiff would elect for an assessment of damages or an account of profits. Ms Ng subsequently informed the court that the plaintiff had elected to assess all their loss suffered in this case due to the torts of passing off and unlawful interference with the plaintiff's business.

[41] In view of the defendant's commission of the torts of passing off and unlawful interference with the plaintiffs business, I exercise my discretion to grant the following perpetual injunctions:

(a) a perpetual prohibitory injunction is given under ss 51(2) and 52(1) of the Specific Relief Act 1950 ('the SRA') to restrain the defendant from, among others, using WALMAR mark ('perpetual prohibitory injunction'); and

(b) a perpetual mandatory injunction is granted under s 53 of the SRA to compel the defendant to:

(i) withdraw the defendant's trademark application from the registrar — please see *Syarikat Faiza Sdn Bhd & Anor v Faiz Rice Sdn Bhd & Anor and another suit* [2017] MLJU 1595, at sub-para 107(3); and

(ii) deliver up and surrender to the plaintiff all goods and materials which infringe the above perpetual prohibitory injunction.

[42] As the plaintiff is only partially successful in this suit (the plaintiff has failed to prove that WARMAL mark is a well-known trademark), I only award half the costs of this suit ('costs sum') on a standard basis to the plaintiff. An allocatur fee shall be imposed on the costs sum.

[43] In closing, it is emphasised that if a manufacturer, distributor, retailer or provider of goods/services commits a tort of passing off and/or a tort of

unlawful interference with another person's business, the former cannot rely on OEM defence and/or any disclaimer.

Annexure A - Plaintiff's Mark

Annexure B – Defendant's Mark

Order accordingly.

Reported by Ashok Kumar